

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

FIRST-CLASS MAIL AND PERIODICALS
SERVICE STANDARDS CHANGES, 2021

DOCKET No. N2021-1

**MAILERS HUB
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENT
UNITED STATE POSTAL SERVICE WITNESS CURTIS WHITEMAN
(MH/USPS-T-2-1)
(May 11, 2021)**

Pursuant to the Postal Regulatory Commission's *Rules of Practice and Procedure* (39 CFR 3010.311), Mailers Hub respectfully submits the following interrogatories to United States Postal Service witness Curtis Whiteman (USPS-T-2) and requests a timely answer under oath. If an interrogatory can be more accurately answered by a different witness, we request that it be redirected accordingly or, if necessary, to the Postal Service for an institutional response.

Please contact the undersigned with any questions.

Respectfully submitted

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MAILERS HUB INTERROGATORIES TO
UNITED STATES POSTAL SERVICE WITNESS CURTIS WHITEMAN (USPS-T-2)
(MH/USPS-T2-1-11)

MH/USPS-T2-1. Please refer to your testimony on page 1, lines 8 through 12.

a. Please explain how the Postal Service aligns its evaluation of future growth in the use of its Shipping and Package services with the statements that it faces “tough competition in its package business” that is “well-established and ... expected to continue to impact the Postal Service for the foreseeable future.”

b. Please identify and explain any market studies that support the Postal Service’s statements about future volume growth (or loss) and competition to its package business.

MH/USPS-T2-2. Please refer to your testimony on page 1, lines 13 through 18.

a. Please explain whether the Postal Service has a clear and explicit definition of its Universal Service Obligation and, if so, what that definition is.

b. If the Postal Service does not have a clear and explicit definition of its Universal Service Obligation, please explain why not, and what the Postal Service has done, is doing, or will do to obtain a clear and explicit definition.

c. Please explain the assumptions underlying the statement that the Postal Service’s “delivery and retail operations ... must grow notwithstanding declining mail volume,” specifically whether future growth was assumed to be in the forms and modes currently used and what, if any, less costly alternatives were considered. If none were considered, please explain why not.

MH/USPS-T2-3. Please refer to your testimony on page 1, lines 19 through 21.

a. Please explain the Postal Service costs related to “federal retiree and employee benefits programs” that are subject to collective bargaining, e.g., health insurance premiums.

b. Please explain what the Postal Service has done to reduce its costs for “federal retiree and employee benefits programs” and what it intends to do to reduce those costs in the future.

MH/USPS-T2-4. Please refer to your testimony on page 4, lines 10 through 12.

- a. Please identify and explain the research and data supporting the statement “based on our experience following the Great Recession and the existing systemic trends, we deem it unlikely that volumes will return to past levels in future years.”
- b. Please explain the timeframe and volume referred to by “past levels.”
- c. Please explain the anticipated volume and timeframe referred to by “future years.”

MH/USPS-T2-5. Please refer to your testimony on page 4, lines 20 through 23.

- a. Please identify and explain the basis for the statement “Digital advertising’s share of advertiser spend is forecasted to increase each year, while the portion captured by direct mail (postage costs only) is expected to decline,” specifically any studies or surveys supporting the “forecasted” increase in advertising spend on digital advertising and the “expected” decline in direct mail.
- b. Please explain the statement “the portion captured by direct mail (postage costs only),” specifically to detail what other costs were excluded, what the impact of those would be on the “portion captured by direct mail,” and how the Postal Service factored costs other than postage into its analysis of future mail volume.
- c. Please explain what other factors “will put downward pressure on mail volumes for the foreseeable future,” specifically whether postage cost and service performance are factors negatively impacting mail volume. If so, please detail the extent to which each impacts mail volume and the bases for any estimated impacts.

MH/USPS-T2-6. Please refer to your testimony on page 5, lines 8 through 15.

- a. Please confirm that the “system of market-dominant rate regulation” to which you refer is that which was established by the 2006 Postal Accountability and Enhancement Act.
- b. If confirmed, please confirm that the Postal Service agreed to the establishment of the current CPI-capped ratesetting process during negotiations leading to passage of the PAEA.
- c. If the PAEA “limited our ability to raise prices to offset the revenue impact of volume declines,” please explain how, alternatively, the Postal Service took actions to reduce employee costs and/or to improve productivity.

MH/USPS-T2-7. Please refer to your testimony on page 7, lines 4 and 5.

- a. Please explain the constituent defaulted payments that sum to \$63.3 billion.”
- b. Please explain what actions, if any, have been taken, or are anticipated to be taken, by the US Treasury or another federal department or agency to enforce payment of the defaulted amounts.
- c. Please explain how the defaulted amounts are currently classified by the federal budget.

MH/USPS-T2-8. Please refer to your testimony on page 8, lines 10 through 14.

- a. Please explain the statement that the “service standard change will result in a restructuring of the Postal Service’s transportation network,” specifically to clarify whether the Postal Service’s decision to transport more mail by surface necessitated revising service standards, or whether the revised service standards were developed first and, in turn, drove changes in the transportation network.
- b. Please define the proportions of “Inter-Area, Inter-Cluster, and Inter-P&DC highway capacity” that are currently served by contracted (HCR) and internal (MVS) transportation, and how those proportions will change under the Postal Service’s proposed service standards.
- c. Please confirm that “There will be no immediate change in the capacity of transportation connecting the Postal Service’s Network Distribution Centers (NDCs)” because all non-time-sensitive Periodicals, Marketing Mail, and packages products currently entered at and/or processed through the NDC network will continue to be entered at and/or processed by the NDCs.
- d. If not confirmed, please explain how non-time-sensitive Periodicals, Marketing Mail, and packages products currently entered at and/or processed through the NDC network will be entered at and/or processed by the NDCs or elsewhere under the proposed service standard changes and/or related transportation changes.
- e. Please confirm that no zoned rates or destination entry discounts currently available based on mail entry or processing through the current NDC network will be changed because of the proposed service standard changes or related network adjustments.
- f. If not confirmed, please explain the changes in zoned rates or destination entry discounts that will result from the proposed service standard changes and/or related network adjustments.

MH/USPS-T2-9. Please refer to your testimony on pages 10 and 11.

a. Please explain whether the Postal Service has evaluated aggregating its air transportation into a single contract to obtain a more favorable price per pound or cubic foot flown or, if not, why not.

b. Please explain the advantages and/or disadvantages of using multiple contract air transportation providers versus contracting for a single dedicated air transportation provider.

c. Please confirm that the performance by air service providers has contributed to the Postal Service's interest in moving more mail by surface transportation.

d. Please explain whether and how air transportation provider performance, under current service standards or under the proposed service standards, was factored into the air transportation cost calculations.

MH/USPS-T2-10. Please refer to Part II of Witness Hagenstein's testimony and your testimony on Pages 11 through 13.

a. Please confirm that the calculated savings in surface transportation assumed

- 1) all vehicles (trucks) would be the same size, with the same capacity;
- 2) cube utilization would be 45.1% of the capacity of a 53-foot trailer;
- 3) loads would consist solely of APCs with an average utilization of 75%; and
- 4) no loads would be in other containers or bedloaded.

b. If those assumptions cannot be confirmed please explain what assumptions were used.

c. Please confirm that the use of smaller trucks ("5-tons"), or different size trailers (40-, 45-, 48-, or 50-foot) were not used as alternatives in the model.

d. If the use of smaller trucks or trailers was not modeled, please explain the reasons why.

e. Please explain whether and how surface transportation provider performance, under current service standards or under the proposed service standards, was factored into the surface transportation cost calculations.

MH/USPS-T2-11. Please refer to your testimony on page 14, lines 12 through 14.

a. Please explain what other “things [are] needed to offset these losses and help improve our overall financial strength.”

b. Please explain whether service performance under the current or proposed service standards was evaluated as a factor impacting “overall financial strength” or, if not, why not.